This decision will be printed in the bound volumes of the STB printed reports at a later date.

SURFACE TRANSPORTATION BOARD[1]

DECISION

EX PARTE NO. 431 (SUB-NO. 2)

REVIEW OF THE GENERAL PURPOSE COSTING SYSTEM

Decided: September 19, 1997

In this decision, we modify the procedures used to determine the variable costs associated with rail movements of intermodal traffic. We also revise the train switching conversion factor used in our costing procedures and discontinue the collection of cost data on switching and terminal companies. We withdraw all other proposals previously made in this proceeding. Finally, we modify our procedure for determining the variable cost of using privately-owned rail cars (an issue on which we have not previously received comments), subject to receiving no objections within 30 days.

BACKGROUND

Rail Costing Generally

To provide consistent and comparable information on railroad costs, the ICC in 1939 developed a general purpose costing system (GPCS) known as Rail Form A (RFA). RFA was used for 50 years to estimate the variable cost of performing various rail services. In September 1989, the ICC replaced RFA with the Uniform Railroad Costing System (URCS), a system widely acknowledged to produce more accurate costs than those developed by RFA.[2]

While the scope of rail regulation has changed significantly over the years, the need for standardized railroad cost information remains essential. The regulatory reform legislation of the late 1970s and early 1980s,[3] which established much of the current regulatory regimen, specifically required that the ICC's GPCS be used for various regulatory purposes. The ICCTA continues the reliance on the GPCS in the evaluation of market dominance in rail rate proceedings. 49 U.S.C. 10707(d)(1).[4]

Notwithstanding that the GPCS produces numerical results, the costing process is often described as more of an art than a science. This is because, as the discussion in this decision demonstrates, the development of variable costs associated with particular rail services requires that the GPCS incorporate many assumptions and generalizations about railroad operations. Thus,

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[1] The ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803 (1995) (ICCTA) abolished the Interstate Commerce Commission (ICC) and transferred certain functions to the Surface Transportation Board (Board), effective January 1, 1996. This decision relates to a proceeding that was pending with the ICC prior to January 1, 1996, and to functions that are subject to Board jurisdiction pursuant to new 49 U.S.C. 10707.

[2] Uniform Railroad Costing System, 5 I.C.C.2d 894 (1989).

[3] The Railroad Revitalization and Regulatory Reform Act of 1976 (4-R Act) and the Staggers Rail Act of 1980 (Staggers Act).

[4] The ICCTA also required the Board to complete the rulemaking begun by the ICC to develop simplified procedures for evaluating the reasonableness of rail rates in cases where a stand-alone cost presentation is too costly. 49 U.S.C. 10701(d)(3). URCS is an essential element of the rate reasonableness benchmarks that have been adopted in that proceeding. Rate Guidelines -- Non-Coal Proceedings, Ex Parte No. 347 (Sub-No. 2) (served Dec. 31, 1996).

before discussing specific changes to our costing procedures, we will first review the purpose of the costing system and the criteria we use to evaluate the appropriateness of any change to that system.

Our general purpose costing system is designed to develop, in a reasonably simple and inexpensive way, reliable average cost estimates that can be used as benchmarks for a variety of regulatory purposes. The estimates are based on system-average cost and operating statistics for class I railroads and "best available" studies of railroad operations.[5] In many cases, however, costing assumptions are based on the "best guesses" made many years ago as to what constitutes the norm for various types of rail operations.

In considering costing modifications, we cannot demand perfection. Rather, we base our decision on whether a proposed change represents an improvement over current costing procedures, and whether such a change can be implemented at a reasonable cost and without undue burden on the railroad industry, the shipping public or the agency. Nationwide studies of railroad operations are expensive and time consuming.[6] Given this Board's limited budget and staff resources, we are not able to undertake such studies at this time.

This Proceeding

In January 1990, the ICC initiated this proceeding to review its newly-adopted URCS.[7] The agency solicited comments on aggregation of accounts; treatment of data for merged railroads; econometric and statistical issues (including the regression equations used to develop variability factors); and any other issues interested parties suggested should be reviewed.[8] In September 1990, at the request of the Association of American Railroads (AAR), the ICC expanded the scope of this proceeding to include (1) whether general purpose costs might be improved, or validated, by engineering studies or other non-regression data; and (2) the proper time horizon for determining the extent to which capacity-related costs are fixed rather than variable.[9]

After reviewing the comments, it became clear that neither the agency nor the interested parties were prepared to propose improvements in the regression methodology. Accordingly, in April 1993, the ICC postponed its review of the regression model until further notice.[10] The ICC proceeded, however, with its review of railroad costing procedures and with issues regarding the data base used by the regression model. In a decision served August 16, 1993 (1993 Decision), the

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[5] Over the years, the ICC conducted numerous special studies of railroad operations to determine the time and effort involved in performing various railroad activities and services. From these special studies the ICC developed the operational "special study" factors used today in URCS to estimate the variable cost associated with rail freight transportation.

[6] For example, in the 1980s the ICC proposed to undertake a nationwide switching study to update the switching special study factors used in URCS. The cost of the contract to plan the study was $25,000. It was estimated at the time that the actual study would cost the ICC over $1,000,000. The study was not conducted.

[7] The Railroad Accounting Principles Board (RAPB) had recommended that URCS be periodically reviewed. Railroad Accounting Principles Final Report, Vol. 1, Sept. 1, 1987, at 34. However, review of URCS has not been a simple task, as the experience in this proceeding demonstrates.

[8] Review of the General Purpose Costing System, Ex Parte No. 431 (Sub-No. 2) (ICC served Jan. 11, 1990).

[9] Review of the General Purpose Costing System, Ex Parte No. 431 (Sub-No. 2) (ICC served Sept. 25, 1990).

[10] Review of the General Purpose Costing System, Ex Parte No. 431 (Sub-No. 2) (ICC served Apr. 20, 1993).

ICC solicited comment on various specific URCS costing issues and regression data base matters. It was hoped that resolving the data base issues would simplify a future review of the regression equations.

Comments on the 1993 Decision were filed by AAR, the U.S. Clay Producers Traffic Association, Inc. (CPTA), the Rubber Manufacturers Association (RMA), Western Coal Traffic League together with the Edison Electric Institute (WCTL/EEI), and M. L. Hall (Hall). After reviewing those comments, we have decided to implement some of the costing changes that were proposed, involving the procedures used to determine the variable costs of moving intermodal traffic and the URCS train switching conversion factor. As for the other changes that were proposed and issues raised regarding the regression data base, we conclude either that the record does not support the proposed changes or that resources are not available to undertake the studies needed to implement the proposed changes. Finally, for lack of resources, we discontinue the broader effort to revise and update the URCS regression equations.

We believe that the specific modifications that we are adopting here will noticeably improve the accuracy of our costing procedures. In the future, should resources permit, we can undertake a broader review of the assumptions used to cost rail traffic.

COSTING OF INTERMODAL TRAFFIC

In this decision we address two different types of intermodal traffic. Trailer-on-flat-car and container-on-flat-car (TOFC/COFC) operations involve the loading of truck trailers or shipping containers onto rail cars. By contrast, RoadRailer operations involve the movement of highway trailers with retractable or detachable rail wheels directly over the tracks of the rail system. Because of the unique nature of the operations, RoadRailer trains are comprised of only RoadRailer equipment.[11]

The assumptions applied by URCS as to how intermodal traffic is handled by the railroads are derived from a special study conducted in the late 1960s, when TOFC/COFC operations were still in the early stages of development and long before RoadRailer operations were introduced.[12] There have been substantial changes in intermodal transportation since then, including a massive increase in volume, concentration of TOFC/COFC traffic at a smaller number of terminals, and increased mechanization.[13] As a result, today's intermodal operations are significantly more efficient than those of a quarter century ago.

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[11] RoadRailer operations involve lower tare weight than TOFC/COFC operations; reduced investment in cars; reduced facility capital and operating costs; reduced train operating costs, due to a sizable reduction in the total train weight; and reduced loss and damage claims, due to lack of slack action between RoadRailer units.

[12] Hall notes that the special study factors used in the URCS Eastern regional and individual carrier applications are derived from the old Southern region factors. When the Eastern and Southern regions were combined to create the current Eastern region, new factors were computed for RFA based on weighted averages from the old Eastern and Southern regional special studies. However, when URCS was developed, the combined Eastern/Southern factors were not applied. We agree with Hall that the weighted average Eastern/Southern factors computed for RFA should be applied in current Eastern regional and individual carrier URCS applications.

[13] In 1974, there were about 1,500 intermodal terminals in the United States, of which 7% (or 105) were mechanized. In 1989, there were 300 intermodal terminals, of which 72% (or 215) were mechanized. Growth in volume has also been substantial. In 1988, over 5.7 million trailers and containers were carried by American railroads, compared to 3.1 million in 1980. See McKenzie, David R., North, Mark C., and Smith Daniel S., Intermodal Transportation - The Whole Story, Simmons-Boardman Books, Omaha, NE 1989.

Accordingly, the URCS assumptions with respect to intermodal traffic are outdated and do not reflect the efficiency of current intermodal operations. The most dramatic evidence of this development lies in the fact that, under the current costing procedures, 67% of the TOFC/COFC and 99% of the RoadRailer traffic in 1995 appears to have variable costs that exceed revenues. Intuitively, these figures cannot be right, because the railroads have continued to market intermodal service aggressively and are investing heavily in upgrading their intermodal facilities and services. Such actions are inconsistent with traffic that is marginal or money-losing. Thus, it is important that we modify our costing procedures to take into account the major changes in intermodal operations over the last quarter century.

Volume Adjustments for TOFC/COFC Traffic

Under current URCS procedures, most TOFC/COFC traffic is treated as single-car movements.[14] In the 1993 Decision, the ICC proposed to change this assumption and to apply to TOFC/COFC traffic certain of the "volume" adjustments currently applied to trainload traffic.[15]

RMA supports this proposal as a means to account for the improved operational efficiencies not recognized in the present procedures. RMA agrees that the widespread use of specialized terminal facilities results in a large portion of TOFC/COFC traffic moving in trainload shipments. Hall, on the other hand, opposes the adjustments, on the ground that not all TOFC/COFC traffic moves in trainload shipments. AAR also opposes the proposal. AAR argues that TOFC/COFC traffic does not achieve the same efficiencies as the trainload movements for which these adjustments were developed.[16]

We cannot quantify the exact amount of TOFC/COFC traffic that moves in dedicated trains, nor the extent of the cost savings attributable to such operations. That would require special studies to be conducted at considerable cost, and we lack the resources for such studies at this time. In the meantime, we are left with the choice of assuming that the average TOFC/COFC shipment characteristics more closely resemble either single-car or trainload movements. We believe that the latter better reflects current operations, because the preponderance of TOFC/COFC traffic moves in dedicated intermodal trains. Thus, considerable improvement in accuracy can be achieved by making these volume adjustments, at negligible cost and no added burden on the industry.

Hall expresses concern that the proposal would increase the "make-whole" adjustments for other traffic. In our costing procedures, the make-whole procedures redistribute the savings that are

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[14] Because intermodal traffic can have many different origins and destinations, a separate waybill is often prepared for each trailer/container, even if the individual containers are moving in dedicated trains or in multi-car shipments. Consequently, when the waybill is costed, these individual intermodal waybills have been treated as single-car traffic.

[15] Volume adjustments lower costs to account for the fact that multiple-car movements are more efficient and thus have a lower per car (unit) cost than single-car traffic. There are 5 volume adjustments that are applied to trainload (50 car or more) movements: (1) origin and destination switching are reduced by 75%; (2) interchange costs are reduced by 50%; (3) inter- and intra-train switching costs are eliminated; (4) no way train costs are used; and (5) station clerical costs are reduced by 25% for each car.

The ICC did not propose to apply to intermodal traffic the volume adjustment for station clerical costs. AAR agrees that an adjustment for station clerical costs would be inappropriate because of the significant amount of paperwork and the resulting clerical costs associated with TOFC/COFC traffic.

[16] AAR does not dispute that most TOFC/COFC traffic does not move in single-car service. Rather, it asserts that no generalizations can be made about the cut size (the number of cars that are switched as a unit) that would justify trainload volume cost adjustments.

generated by volume shipments to the lower-volume shipments.[17] The purpose of this procedure is to ensure that, when the costs of the individual shipments are totaled, URCS will account for all system costs. Thus, if the volume adjustments are added for TOFC/COFC traffic, then the amount of the make-whole adjustment that is applied to all other traffic would be affected. But failing to make the volume adjustments for TOFC/COFC traffic not only fails to recognize the operational efficiency of the dedicated trains in which most intermodal traffic moves, but also results in additional costs (from other traffic on which volume adjustments were made) being assigned to TOFC/COFC shipments. We believe that result is more distorting.

Because the preponderance of intermodal traffic moves in dedicated trains, we conclude that more accurate costs will be obtained by applying the volume adjustments proposed, with one exception. We will not eliminate from TOFC/COFC traffic the costs associated with intertrain and intratrain (I&I) switching. Normal trainload traffic, which moves from origin directly to its destination, involves no intertrain or intratrain switching. But, as AAR and Hall point out, there is some switching of cars in TOFC/COFC trains, and thus, switching costs should not be eliminated entirely. While we believe that TOFC/COFC traffic receives less switching than general single-car traffic, we are unable on this record to determine the amount of switching that occurs in TOFC/COFC trains. Absent any basis for estimating the amount of I&I switching associated with intermodal traffic, we have no choice but to continue to apply the same I&I switching factor that we currently use.[18]

Special Study Factors for TOFC/COFC Traffic

In the 1993 Decision, the ICC proposed to change the spotted-to-pulled ratio[19] for TOFC/COFC traffic to 1.0 from 1.5, the ratio used for all other movements. RMA and CPTA support the proposal to lower the spotted-to-pulled ratio to 1.0. Hall objects that the 1.0 figure is not entirely accurate. AAR also opposes the change, and suggests that the 1.5 ratio is more accurate for TOFC/COFC traffic.

AAR recounts one railroad's experience that 50% of the time empty TOFC/COFC cars are pulled from ramps at its intermodal terminals because of a need to clear the track for inbound loads, incompatible car and container combinations, or bad order cars. This anecdotal evidence does not support retention of the 1.5 ratio for TOFC/COFC traffic, however. The spotted-to-pulled ratio is an estimate of loaded and empty movements into and out of an intermodal facility. It does not include movements within the facility, such as switching bad order cars or clearing the ramp for inbound loads.

The record and available data indicate that, as a result of the concentration of TOFC/COFC facilities, cars are most often reloaded with revenue trailers/containers and pulled loaded from the intermodal terminals. This conclusion is confirmed by the low empty-to-loaded ratios for TOFC cars that are reported in the railroads' annual reports. This ratio compares total loaded plus empty

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[17] While URCS develops system-average costs, it has long been recognized that trainload and multi-car shipments move at lower-than-system-average cost and that single-car shipments move at higher-than-system-average cost.

[18] Hall criticizes the level at which the I&I switching cost is currently set, because it reflects the 50 year-old assumption that cars receive I&I switching every 200 miles. We agree that this figure appears to be outdated--not only for intermodal traffic, but for all the non-trainload traffic to which it is applied. However, without conducting a special study, we have no other figure to use in its place.

[19] A revenue car is "spotted" when it is placed at the siding of the shipper or consignee. It is "pulled" when it is removed from that siding empty (i.e., in non-revenue service). A spotted-to-pulled ratio of 1.5 assumes that 50% of the time cars are pulled empty.

car miles to the loaded car miles. In 1995, the ratio for intermodal cars was 1.11 in the Eastern region and 1.08 in the Western region, whereas the average for all freight cars was 1.74 in the Eastern region and 1.66 in the Western region. Thus, the movement of empty cars is substantially less for intermodal cars than for rail cars in general.

Because TOFC/COFC cars are more frequently pulled loaded than other types of rail cars, we find that our costing will be more accurate by assuming that intermodal cars have a lower spotted-to-pulled ratio than other traffic. Although the use of a spotted-to-pulled ratio of 1.0 assumes that TOFC/COFC cars will always be loaded with some trailers or containers when pulled, and thus may somewhat understate the cost, the continued use of the 1.5 spotted-to-pulled ratio would greatly overstate cost for intermodal traffic. Thus, we will use a ratio of 1.0 for TOFC/COFC traffic.

RoadRailer Operations

RoadRailer service did not exist at the time intermodal traffic was originally studied. RoadRailer service is unique in that significant portions of RoadRailer service functions are conducted by non-railroad entities. Those non-railroad entities provide the RoadRailer units; all marketing and billing functions; over-the-road transportation between the shipper or consignee and the terminal where the RoadRailer trains arrive and depart; and the operation of RoadRailer terminals, including the assembling and breaking down of trains. Generally, the line-haul railroad provides only a two-person crew and a single locomotive unit to move the train between terminals. Accordingly, to be consistent with the costing of other railroad services, RoadRailer costing should reflect only the services provided by the railroad (the line-haul portion of the movement) and not the services provided by other entities.

Comments on the ICC's proposal to limit RoadRailer costs in this manner were minimal. Thus, based on staff observations of RoadRailer operations[20] and the lack of opposition to this proposal, we will make various adjustments for RoadRailer service. Only one diesel locomotive unit will be included for each train, consistent with standard RoadRailer operating practice. A 5.8 ton tare weight will be used for each RoadRailer unit. Car tare weight and car ownership cost will be excluded. An empty-to-loaded ratio for RoadRailers will be calculated from data contained in the Railroad Annual Report (Report Form R-1, Schedule 755, n.1). Additionally, we will include all volume adjustments that are applied to other trainload traffic, including the elimination of I&I switching costs. Because RoadRailer trains move from one RoadRailer terminal to another with no intermediate switching, there is no basis for including I&I switching costs.

However, based on staff observations and CPTA's comments, we will not adopt the ICC's proposal to use a tie and untie cost as a proxy for the cost of assembling RoadRailers into trains. (Tie and untie costs are those expenses associated with the loading and unloading of a container or trailer onto or off of an intermodal car.) Because RoadRailers are railcars unto themselves, they are not loaded on intermodal cars as are trailers and containers. Furthermore, the RoadRailer unit trains are assembled by contractors that are operationally independent of the railroads. Thus the cost of assembling the trains is not borne by the railroads and, as a result, is not reflected in the railroads' RoadRailer rates.

OTHER COSTING ISSUES

TSC Factor

[20] In October of 1993, members of the ICC's Section of Costing and Financial Information visited the Harrisburg, Pennsylvania RoadRailer facility, where they studied first-hand current RoadRailer operations.

We are also adopting an updated Train Switching Conversion Factor (TSC Factor), the procedure used to place all road train crew wages on a common mileage basis.[21] Because the TSC Factor currently in use is based on the labor agreements that were in place at the turn of the century, the ICC proposed to update the factor and recompute it annually. The proposed TSC Factor would reflect each railroad's basic day labor agreement[22] where an individual carrier's agreement is different from the national agreement. The national agreement would be used for regional applications and as a default when individual carrier information is unavailable.

Hall agrees that a revision is necessary and states that this change is long overdue. CPTA also agrees that the TSC Factor needs updating,[23] but disagrees with using the national agreement as a default. Instead, CPTA suggests developing actual individual railroad TSC Factors using the railroads' computerized tracking systems. RMA observes that an increase in the basic day miles does not necessarily mean that the railroads are performing more switching. It asserts that the only way to improve the estimate of train switching miles would be to conduct a "small special study."

AAR opposes any special study, asserting that the limited benefits do not warrant the effort and expense involved. Further, it opposes providing proprietary data to develop a replacement for the TSC Factor. AAR does not oppose updating this conversion factor, however. It notes that the total expense dollars would remain unchanged; only the allocation of wage expenses between way and through train services would change and only by a small percentage.

Although CPTA may be correct in suggesting that actual individual railroad TSC Factors can be developed from the railroads' computerized tracking systems, we do not believe that the limited impact of the TSC Factor in URCS costing justifies the cost of either special studies or the collection of proprietary data from the railroads. Thus, we will adopt the ICC proposal, which will produce more accurate costs without imposing any additional burden on the rail industry.

Costs of Switching and Terminal Companies

In the 1993 Decision, the ICC proposed allocating certain cost items incurred by switching and terminal (S&T) companies to individual carriers on the basis of the number of cars switched, as determined by an annual survey of 17 switching and terminal companies.[24] The intent was to improve the accuracy of URCS by including all railroad expense and operating statistics in the calculation of the annual unit cost estimates.

AAR raises significant problems with this proposal. It points out that relatively few S&T companies are included in the survey of S&T companies, resulting in only 58% of the carloads handled by S&T companies being included in the survey. To the extent that traffic handled by S&T companies is not included in the survey, AAR expresses concern that costs may be improperly

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[21] Train switching is reported in hours, while other road service is reported in miles. The TSC Factor serves to convert the hours reported for switching service into miles, based on the total miles comprising a basic day. Way switching hours are multiplied by the average speed (total basic day miles divided by 8 hours) to develop total way switching miles. Wages are then allocated between road service and way switching service based on miles in each service.

[22] A basic day is the amount paid to operating crews for a day's work when neither the minimum time (8 hours) nor the minimum mileage (130 miles by national contract in 1995) is exceeded. Wage payments in addition to the basic day amounts are earned when either the time worked exceeds 8 hours or the miles run exceed 130.

[23] The current TSC Factor of 12.5 miles per hour is calculated by dividing a 100-mile basic day by 8 hours. The revised factor of 16.25 miles per hour is based on a 130-mile basic day.

[24] The survey collects data on selected balance sheet items; results of operations; road and equipment property; operational statistics; and the class I line-haul railroads served by the reporting switching and terminal company.

distributed to individual class I railroads. Additionally, AAR asserts that the proposal would result in double counting S&T expenses, because the majority (approximately 80%) of S&T companies are owned by class I railroads, and thus, the S&T expenses are already included in class I annual reports as joint facility expenses.

RMA agrees with AAR on the double counting concern. Hall also opposes the inclusion of any S&T data in either individual railroad or regional URCS applications. He asserts that there are extensive data and reporting problems with the survey that invalidate the use of the data. CPTA also questions whether the inclusion of S&T data on an individual carrier basis would improve the accuracy of URCS costing.

Given the numerous problems pointed out by the parties, we will not adopt the proposal to include S&T data in carrier URCS Phase II applications. Furthermore, because of the problems identified by the parties, we conclude that the S&T data that we collect is not meaningful and we will discontinue the survey.[25] This will reduce the regulatory burden on S&T companies by relieving them of the need to submit the "Annual Survey Form for Switching and Terminal Companies."

Privately-Owned Car Costing

In the past, with the exception of unit-coal trains, we have applied an average car rental cost for privately-owned cars if no mileage rate for that particular car was shown in the Car Hire Rate Master (CHARMS) file.[26] In its comments in Ex Parte No. 347 (Sub-No. 2), supra, AAR pointed out that more than 43% of all U.S.-based rail cars are now owned by entities other than railroads, and that increasingly shippers that provide their own cars obtain lower rates in return for the railroad not incurring any cost for the use of the privately-owned cars.[27]

In view of this current practice, we believe that more accurate costs will be obtained by applying a zero car rental cost to privately-owned cars that do not have mileage rates shown in CHARMS. Thus, we will tentatively modify our costing procedures to assume that all privately-owned car types that show no mileage allowance in the CHARMS file incur no car cost, except for railroad-owned pool cars (for which an allowance is always paid).[28] For such pool cars, we will continue to use an average car rental cost, because it is the best estimate available to us. Absent the receipt of comments voicing opposition to this modification within 30 days of this decision, it will become a permanent change effective December 1, 1997.

CONCLUSION

The revisions in our costing procedures adopted here will improve our URCS costing process by recognizing recent technological and operational changes in the railroad industry. The cost of making the revisions is minimal both to us and to the railroad industry, because we have relied on the latest literature in the field, the parties' comments, and staff observations, rather than expensive special studies.

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[25] Beginning with the report for the year ending December 31, 1996, S&T companies will no longer be required to complete the annual survey form. The regulations at 49 CFR 1241.14, Annual survey form for certain switching and terminal companies, will be removed from the Code of Federal Regulations.

[26] The CHARMS file, which is maintained by AAR, contains all car-hire rates.

[27] See Verified statement of Rockey and Railroad Costing Officers at 17, filed Feb. 20, 1996 in Ex Parte No. 347 (Sub-No. 2), Rate Guidelines -- Non-Coal Proceedings.

[28] Railroad-owned pool cars are cars that are owned by companies that are themselves owned and controlled by the railroads. Railroad-owned pool cars are generally committed to pools for the benefit of certain shippers. A rental rate is paid for the use of these cars.

ENVIRONMENTAL AND ENERGY CONSIDERATIONS

This decision will not significantly affect the quality of the human environment or the conservation of energy resources.

REGULATORY FLEXIBILITY ACT CERTIFICATION

We conclude that our action will not have a significant economic impact on a substantial number of small entities. No new reporting requirements will be required and reporting requirements for switching and terminal companies are eliminated. Only class I railroads (those with revenues in excess of $255,885,363 for the year 1995) will continue to be required to provide data for use in URCS. The impact on small entities, if any, will be to provide them with better cost estimates.

It is ordered:

1. The changes described above to our method of calculating URCS and waybill cost estimates are adopted and are effective immediately.

2. The method proposed above to develop private car costs using the CHARMS file is adopted on an interim basis. If no comments are received within 30 days, this change will become permanent effective December 1, 1997.

3. 49 CFR 1241.14 is removed from the Code of Federal Regulations.

4. Notice of this decision will be published in the Federal Register on October 1, 1997.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary